

**UNITED STATES DEPARTMENT OF AGRICULTURE**

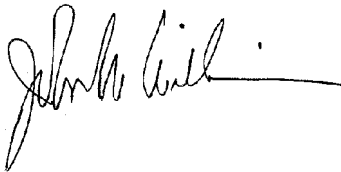
Farm Service Agency  
Washington, DC 20250

**Notice PM-2300**

**For:** FFAS Employees

**Establishing Student Loan Repayment Program**

**Approved by:** Deputy Administrator, Management



**1 Overview**

**A**

**Background**

OPM and USDA have delegated to agencies the authority to repay the student loans of Federal employees to attract or keep highly qualified individuals. USDA's regulations delegating this authority were issued on April 2, 2002.

**B**

**Purpose**

This notice contains guidance on FFAS use of this authority.

**2 Authority to Repay Student Loans**

**A**

**Authority**

The loan repayment authority is limited to Federally insured student loans authorized by the Higher Education Act of 1965 and the Public Health Service Act, made by educational institutions, banks, and other private lenders.

The authority applies to student loans for academic degrees at all levels.

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**Disposal Date**

January 1, 2003

**Distribution**

All FAS, FSA, and RMA employees; State  
Offices relay to County Offices

## 2 Authority to Repay Student Loans (Continued)

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### B

#### Amount

The amount of the student loan repayment is limited to a maximum of \$6,000 per employee per calendar year, with a total career payment of \$40,000 per employee.

The repayments may be for all or part of any outstanding eligible student loan or loans.

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### C

#### Use of Authority

This authority is an incentive and **not** an entitlement. Authorization to repay student loans is at the discretion of the Agency.

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## 3 Employee Eligibility

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### A

#### Eligible Employees

The following employees **are eligible** to receive repayments of student loans:

- permanent Federal and CO employees
- career and career candidate Foreign Service employees
- Foreign Service employees serving on limited appointments with re-employment rights to FAS
- schedule B employees with re-employment rights to FAS
- term employees with at least 3 years left on their appointment
- employees serving on excepted appointments with conversion to permanent career appointments.

The following employees **are not eligible** to receive repayments of student loans:

- temporary employees
  - term employees with less than 3 years remaining on their appointments
  - Schedule C and noncareer SES employees
  - employees who have defaulted on their student loans.
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### 3 Employee Eligibility (Continued)

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#### B

##### Eligibility Criteria

Loan repayments shall be based on a written determination that, in the absence of offering loan repayment benefits, it would be difficult to either:

- fill the position with a highly qualified candidate

**Note:** Each determination for recruitment purposes, including the amount to be paid, must be made before the employee enters on duty in the position for which he or she was recruited.

- retain a highly qualified employee in the position.

To receive a student loan repayment, an employee shall sign a service agreement to remain in the service of the Agency for a period not less than 3 years.

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### 4 Procedures

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#### A

##### Documenting Requests for Loan Repayments

Recommendations for loan repayments shall include:

- the proposed amount of the loan repayment
- a justification for the amount proposed
- the following documentation.

IF a...	THEN provide...
new employee	<ul style="list-style-type: none"> <li>• written justification showing that, in the absence of offering student loan repayments, the prospective employee would be likely to accept employment outside the Federal service</li> <li>• written determination that the prospective employee possesses unusually high or unique qualifications, or a special need of the Agency exists.</li> </ul>
current employee	<ul style="list-style-type: none"> <li>• written determination that the employee is likely to leave the Federal Government if the loan is not repaid</li> <li>• written description of the extent to which the employee's departure would affect the Agency's ability to carry out an essential activity or function.</li> </ul>

See AD-2012 (Exhibit 1) for the recommendation and approval form for the repayment of student loans.

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#### 4 Procedures (Continued)

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##### B

##### Conditions for Payment

##### Payments:

- are at the discretion of the Agency and are subject to limitations or conditions mutually agreed to, in writing, between the Agency and the employee
  - are in addition to basic pay
  - apply only to the indebtedness outstanding at the time the Agency and employee enter into the service agreement
  - may **not** begin before the employee enters on duty with the Agency
  - require completion of a service agreement to remain in the Agency for a period not less than 3 years
  - will be made by NFC directly to the holder of the loan by electronic funds transfer
  - may be made in a lump sum or spread out over multiple years.
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##### C

##### Service Agreements

Employees shall sign a service agreement to remain in the service of the Agency for a period of not less than 3 years, regardless of the amount of the loan repayment authorized. The 3-year service agreement is in statute and may not be shortened. The service requirement begins when the first payment is made by the Agency to the holder of the loan.

The agreement may include limitations or conditions mutually agreed to, in writing, between the Agency and the employee, such as amount of the repayment to be provided to the employee each year, or payment to be made in smaller increments at periodic intervals during the year rather than a lump sum.

If an Agency extends or renews loan repayments after the initial service agreement was satisfied, Agencies have either of the following options:

- **not** instituting a new service agreement
- requiring an additional period of service in the service agreement.

See AD-2013 (Exhibit 2) for a sample Service Agreement.

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#### 4 Procedures (Continued)

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##### D

##### Employee Reimbursements to Agency

If the employee does not complete the service agreement, the employee shall reimburse the agency for **all** benefits received. This includes involuntary separations on account of misconduct or performance, or if the employee leaves the Agency voluntarily.

The Agency may waive recovery in the interests of equity and good conscience in certain instances, such as disability retirement.

If an employee joins another Agency while receiving a loan repayment, the employee is not obligated to repay the benefit, unless the employee has agreed to make a repayment in this circumstance. The gaining Agency is not obligated to complete any payments made by another Agency, or to reimburse the losing Agency or employee.

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##### E

##### Tax Obligations

Tax withholdings:

- must be deducted or applied at the time any payment is made
- may not be spread out over time.

Agencies must report the amount of the loan repayment to IRS. The loan repayment is reported as wages on W-2.

The \$6,000 calendar year limitation is the amount before taxes.

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#### 5 Responsibilities

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##### A

##### Program Administration

HRD is responsible for overall administration of the student loan repayment program.

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##### B

##### Verifying Loan Balances

Before authorizing loan repayments, HRD or KCAO-PD shall verify:

- with the holder of the loan that the employee has an outstanding student loan that qualifies for repayment
  - remaining balances to ensure that loans are not overpaid.
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## 5 Responsibilities (Continued)

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### C

#### Approving Officials

Recommending officials shall submit requests for repayment of student loans through their supervisor.

The authority to approve repayment of student loans is delegated to the Director, HRD, or designee. HRD shall report requests for repayment of student loans to the Agency's Budget Office.

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### D

#### Employee Responsibility

The employee is responsible for:

- providing HRD or KCAO-PD with information about loan balances and who holds the loan
- making loan payments on the portion of the loan(s) that continues to be the employee's responsibility

**Note:** Payments do not exempt an employee from his or her responsibility and/or liability for any loan(s) the individual has taken out.

- any income tax obligations resulting from the loan repayment benefit.
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### E

#### Contacts

If additional information is needed, contact the following.

Office	Contact
National Office RMA Field Offices, except KC	Employment Specialist in HRD
Kansas City Offices APFO State Offices	Employment Specialist in KCAO-PD
CO positions	HRD through the State Office and EDSO

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**AD-2012, Recommendation and Approval Form for the Repayment of Student Loans**

This form is available electronically.

<b>AD-2012</b> (04-10-02)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Farm Service Agency	
<b>RECOMMENDATION AND APPROVAL FORM FOR THE REPAYMENT OF STUDENT LOANS</b>			
1. Agency FAS <input type="checkbox"/> FSA <input type="checkbox"/> RMA <input type="checkbox"/>		3. Office Location (Geographical)	
4. Name of Employee		5. Social Security No.	
7. Position Title		8. Pay Plan, Series, Grade, Step	
10. Organization		11. Effective Date (mm-dd-yyyy)	
		9. Salary \$	
		12. Accounting Code	

The following information must be attached, for review by the recommending and approving officials for a student loan repayment:

- A. A written justification showing that in the absence of offering student loan repayments, the prospective employee would be likely to accept employment outside of the Federal service.
  - B. A written determination that the applicant possesses unusually high or unique qualifications or a special need of the agency exists.
  - C. The proposed amount of the loan repayment, along with a justification of the amount proposed.
- or
- D. A written determination that the employee is likely to leave the Federal government if the loan is not repaid.
  - E. A written determination of the extent to which the employee's departure would affect the agency.
  - F. The proposed amount of the loan repayment, along with a justification of the amount proposed.

13A. Recommended Amount \$	13B. Signature of Recommending Official (Supervisor)	13C. Title	13D. Date Signed
14A. Approved Amount \$	14B. Signature of Deputy Administrator	14C. Title	14D. Date Signed

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

**AD-2012, Recommendation and Approval Form for the Repayment of Student Loans (Continued)**

AD-2012 (Page 2) (04-10-02)

<b>15. Extension or Renewal:</b>		
A. Signature of Approving Official	B. Title	C. Date Signed (mm-dd-yyyy)
16A. Comments/Changes		
16B. Signature of Approving Official	16C. Title	16D. Date Signed (mm-dd-yyyy)
17A. Comments/Changes		
17B. Signature of Approving Official	17C. Title	17D. Date Signed (mm-dd-yyyy)



**AD-2013, Service Agreement for a Receipt of Repayment of Student Loans**

This form is available electronically.

**AD-2013**  
(04-10-02)U.S. DEPARTMENT OF AGRICULTURE  
Farm Service Agency**SERVICE AGREEMENT FOR A RECEIPT OF REPAYMENT OF STUDENT LOANS**

In return for the repayment of my student loan as described below, I (a) \_\_\_\_\_ hereby agree to remain in the (Farm Service Agency, Foreign Agricultural Service, or Risk Management Agency) for a period of (b) \_\_\_\_\_ following the effective date of the first student loan repayment, unless I am separated for reasons beyond my control and which are acceptable to the above named agency. The amount of the repayment of student loan I will be receiving under this agreement is (c) \$ \_\_\_\_\_.

I agree that if I do not remain in the agency for the above specified period, I will repay to the agency the TOTAL amount of student loan repayment I have received. I understand that under such circumstances these monies are recoverable from me as a debt to the United States Government. I understand that this service agreement does not constitute a right, promise, or entitlement for continued employment or noncompetitive conversion to a competitive service.

I understand that any student loan repayment provided by the agency is subject to tax withholdings which is reported to IRS.

1. Signature of Employee	3. Title	
2. Social Security Number	4. Agency	5. Date Signed

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